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International Court of Justice

H3215 - 0002

OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

EVIDENCE DIVISION

Date : 22 July 1948

I certify that Document Number 3716-PS was introduced into evidence as Exhibit Number USA-618 in the Trial by the International Military Tribunal of Hermann GOERING, et al, which commenced on 20 November 1945, and that the attached photostat is a true and correct copy of the original.

Fred Niebergall
Fred NIEBERGALL
Chief, Document
Control Branch.

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C E R T I F I C A T E

I hereby certify that the annexed document 3726-PS No. USA - 628 is a photostat of an original document submitted in evidence by the United States Prosecution under this number. The original document has been withdrawn in accordance with Rule 10 of the International Military Tribunal, and to the best of my knowledge and belief is to be held at the National Archives, Washington D.C. .

Nuremberg, 6 July 1948

Paul Joosten

PAUL A. JOOSTEN

General Secretary
International Military
Tribunal

USA-628 (3726-PS)

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USA 628

CERTIFICATE

I, Carl R. Blumenstein, 1st Lt. AC, Chief, Field Branch, Documentation Division, do hereby declare that the documents known as: U S A Exhibits Nos. 615 and 628 (also by th CCC designations as : 3725 and 3726 - PS, resp.) are true photostatic copies of interrogation reports on the defendant Schacht, said reports being excerpts from a report covering several interrogations , and on several different people. The document labled as USA 615 covers pages 21 to 28 of this report and is signed by the defendant Schacht, dated 20 July 1945. The document known as USA 628 covers pages 82 to 103 of this report and is signed by the defendant Schacht, dated 24 August 1945. To the best of my knowledge and belief, the originals of these documents are in the office of the AC of S , G-2 , USFET.

Nurnberg, 9 May 1946 A 094514

CARL R. BLUMENSTEIN,
1st Lt, AC, Chief , Field Branch

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06

Exhibit Ec 445

~~Schacht~~ 628

Interrogation of Hjalmar Schacht, 24 August, 1945, at 10:45 a.m.

Q. There were one or two minor matters in previous interrogations that I want to make sure of, and then we will pass on to this legislation. I have been informed from several sources that you had a relatively unpleasant experience in the military government of Belgium in the last war. The statement is made here in the confidential report on your career that you were charged with having taken certain action for the monetary interest of the Dresner Bank, and for that reason you were removed by the military government of Belgium.

A. That is not true.

Q. Why did you leave the Belgian military government's finance organization?

A. I left voluntarily. I gave it up because I had differences with my chief.

Q. Those differences related to what?

A. A very unfair treatment of a colleague of mine, who was Dr. Somary, whom you probably may know.

Q. What happened to him?

A. When he heard of my leaving he left also. My chief wanted to treat him badly and unfairly, and so I gave up my position, and told Dr. Somary, and then he left also.

Q. What was the name of your chief?

A. Von Lunn. He was a member of the Reichsbank Direktorium, and was chief of the banking administration office in Belgium.

Q. It is stated that you were dismissed.

A. This is absolutely untrue. My giving up the position in Belgium happened in July 1915, and I continued to be in the Dresner Bank immediately after, and changed my position from the Dresner Bank the 1st of January, 1916, because I was invited to accept the post of the President of the National Bank for Germany.

Q. You were president?

A. Managing Director. I was the first manager.

Q. It says here you were Mit-Director.

A. There were two directors and one of these two was I and the

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other was Herr Wittenberg. All these statements which you read to me seem to be incorrect. I engaged Goldschmidt the first of July 1918 to the bank, which means one year and a half after my entering the bank.

Q. I have one question in regard to your appointment as president of the Reichsbank in 1923. I will read the statement in German. (Second page, paragraph 2, of the confidential report on Schacht.) Would you comment on that?

A. Yes, this is also partly incorrect. The post of the Reichsbank President became free eight days after I had been appointed currency commissioner by the sudden and fully unexpected death of Havenstein, who was president at the time, so that only by the death of Havenstein the position of the Reichsbank presidency had to be filled again. It is true that my leaving Belgium in 1915 was ~~ordered~~ brought up by some people at the time, and the German Government made a thorough investigation about this matter which resulted in the statement that I had behaved in Belgium absolutely correctly, so that no hinderance for my being nominated President of the Reichsbank was to be seen. I think that settles it.

Q. Did the Central Committee turn you down?

A. The Central Committee of the Reichsbank, with three exceptions, voted against me because they wanted Helfferich as President. Goldschmidt was not a member of the Central Committee, and I have never heard of the ideas of his which are stated in the report which you have read to me. The Government appointed me against the vote of the Central Committee, which was only an advisory vote, not a decisive one, according to the statutes.

Q. You said there was a vote of three for you. How many against you?

A. Against, some 35.

Q. It was an overwhelming vote against you and for Helfferich?

A. Yes. It may be of interest to you to know that Mendelsohn was among those who voted for me.

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Q. This was at the Paris Conference, 16 April 1929 -- you are quoted as having made this statement: (Read from page 3, in German.)

A. It may be that I have made such a statement.

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Q. It reads: "Germany can generally only pay if the Corridor and Upper Silesia will be handed back to Germany from Polish possession and if besides somewhere on the earth colonial territory will be made available to Germany." As I remember our last interrogation, these sentiments are still yours.

A. I think the sentiment has been made useless by the following events. That Germany could not pay at the time after I made the statement has been proved, and that Germany will not be able to pay after this war will be proved in the future.

Q. To return to Jacob Goldschmidt, who was your associate prior to your becoming head of the Reichsbank, do you know where he is now?

A. No.

Q. What was his subsequent career as far as you know?

A. He left the bank in 1931 and disappeared. I have never seen him after.

Q. Why did he leave the bank at that time?

A. Because he made the bank bankrupt.

Q. He has left Germany?

A. So I understood, but I have never heard of him after.

Q. In respect to Helfferich, whom you mentioned, what was his career subsequent to the time that you were made head of the Reichsbank?

A. He died a few months later in an accident in Italy.

Q. Before we get into the subject of this legislation on which you have commented very briefly in this prepared statement, one of your close associates in the Reichsbank has stated to us that you were a member of the National Socialist Party.

A. I have never adhered to the Party. It is known, and I have stated it in several former interrogations, that in January 1937 the so-called Golden Swastika was handed over by Hitler to all Ministers, also to those who were not members of the Party. Amongst those, I found myself.

Q. So that you deny categorically that you at any time were a member of the Party?

A. I have never adhered to the Party and never made any application to enter the Party or signed any obligation to the Party.

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Q. Did you ever accept membership in the Party?

A. I never accepted membership in the Party. The fact that I got the Golden Swastika was considered by the Party to make me an honorary member, but I have never attended any Party meetings or held any Party office whatever.

Q. At the time that you accepted the Golden Swastika you knew that in the eyes of the Party its acceptance would make you a member of the Party if you had not been a member before.

A. I did not know that. On the contrary, Hitler stated when he gave the Golden Swastika that he considered it as a decoration and wanted to make of the Golden Swastika a kind of order.

Q. I am told that had one visited your home at about this time or perhaps a little earlier one would have inevitably drawn the conclusion that you were a Party member from the fact that one would have found in your home a bust of the Party leader, Hitler, a ~~picture~~ picture of the second leader of the Party, Goering, that your wife, on formal occasions, wore a golden Nazi cross, and that at least after this occasion to which you refer you yourself had the golden Nazi cross. Do you care to comment on that?

A. A photograph of Hitler with a written dedication, and a photograph of Goering and his wife with a written dedication were given to me in a silver frame, and I have put them into my room. What conclusions people might have drawn therefrom I don't care, because at that time I cooperated with Hitler and Goering in my official position. My late wife was rather inclined to Nazism, and I am sorry to say that it brought a difference between her and myself which led eventually to separation of our homes. She got a home for herself and I for myself. She died in the spring of 1940.

Q. The bust of Hitler?

A. The bust of Hitler was given ~~to me; I mean~~ to my wife, by a sculptor friend of hers.

Q. Will you tell me the circumstances of your leaving the Reichsbank prior to your association with Goering and Hitler?

A. In 1930?

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Q. Yes.

A. I have stated the circumstances so often in former interrogations that I may be short. I disagreed with the attitude of the Government towards the alterations which were made to the Young Plan at the Hague Conference. I did not want the acceptance of these changes and additions, and therefore I left my post.

Q. During this period when you were deciding to leave your post, what were the economic and political forces within Germany which took positions in respect to the Young Plan -- which positions had a bearing on your decision?

A. It has nothing to do with economic circumstances or what you call it. It had nothing to do with those forces. It was an entirely personal decision.

Q. Influenced by any position taken by industry or finance?

A. Influenced by no one.

Q. What did you hope to achieve by your action?

A. I hoped to save my conscience.

Q. Beyond that?

A. My responsibility.

Q. You were at that time an internationally famous figure known to the world as a leader of finance in Germany. You must have been aware that your decision and your action would have certain repercussions. What consideration did you give to that?

A. None.

Q. You have stated in the past that one of your reasons for supporting Hitler in the initial period was that you believed in financing public work so as to provide employment. During the period prior to your leaving the Reichsbank in 1930 there was increasing unemployment in Germany, the continuance of which created a very difficult political situation for the existing Government. What steps did you take or what public statement did you make prior to leaving the Reichsbank to indicate that at that time you favored helping the situation by financing public works and other measures to assist in alleviating unemployment?

A. I never interfered with the political decisions of the Government. I thought it was the task of the Government and not the task of the President of the independent Reichsbank to care about this matter.

Q. Is it not true that the financial policies which you advocated and pursued at that time were deflationary and tended to create rather than to alleviate unemployment?

A. Not the least. I have never been for deflation. My policy was, on the contrary, directed toward alleviating the internal situation by extending reasonable credits. On the other hand, I was dead against foreign credits which could not be used in Germany.

Q. As I recall, at the time you left the Reichsbank in 1930 you received compensation covering a three year future period.

A. I have never received any other compensation than was fixed in my contract with the Reichsbank.

Q. Your contract then covered three years beyond the date of your resignation?

A. No. As far as I remember, when I left the Reichsbank I got the stipulated pension. Certainly I did never get any extra payment for work which I had not done.

Q. At the time you left the Reichsbank, what were your relations with the directors?

A. The most friendly and intimate ones.

Q. They regretted your departure and would have liked to have had you stay?

A. Very much.

Q. During the period between your resignation in 1930 and your re-appointment in 1933, I take it that you had frequent contacts with these directors on social and other occasions?

A. Not frequently, but at reasonable times, and not with all of them, but with part of them.

Q. And since they regarded your ability highly, they consulted with you from time to time about the increasingly difficult state in

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which Germany found itself financially and that if any important measures were to be taken you were cognizant of them, and they may in part have arisen from your suggestions and discussions?

A. They never asked me for instructions and I never gave any suggestions about their policy.

Q. You mean in this period, which was a critical period in the banking and financial history of the bank, that you did not participate with any of these individuals in discussions of this crisis and of measures which might be taken to meet it?

A. It may be that some discussions at social gatherings have occurred, but my opinions about the whole situation were stated by me so often and publicly that there was no need for other discussions or consultation.

Q. We both know that many decisions are reached in informal social discussions which are subsequently formally taken in formal meetings.

Q. I have never influenced any decisions of the Reichsbank. My relations with the then President of the Reichsbank, Luther, were not very intimate.

Q. Toward the end of July 1931, there was a decree for reporting obligations payable to foreign creditors. You are familiar with that?

A. I know about that, but I had nothing to do with it.

Q. Did you approve of it?

A. I can't say ~~with~~ whether I approved in details, but the general intention was commanded by the situation.

Q. You are familiar with the 1931 Devisen Control Law?

A. I don't remember the details.

Q. That law was in effect at the time that you were appointed President of the Reichsbank in 1933, so that you had to administer that law.

A. I had never to administer a law as President of the Reichsbank. I had to obey the laws.

Q. You had to carry out the responsibilities of the Reichsbank under that law.

A. Yes.

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Q. Now, under this law, was foreign exchange allocated?

A. All of this is in the law, and I don't know why you ask me. We can talk for years, and I cannot tell any details of these things. The provisions of the laws are there, and they had to be executed, and they were executed orderly and correctly by everybody who had to work under the law.

Q. You were in complete sympathy with the law?

A. Whether I was in sympathy or not did not matter at all. I had to carry out the laws.

Q. Did you ever take any measures to change the law or to recommend any change in the law which would be taken as evidence of your not being in sympathy with it?

A. As long as I was in the Ministry of Economics, I had no vote in the Government at all, and did not interfere with Government.

Q. You may have had no vote, but you had a voice.

A. When I saw that things were intended which I did not like, I must have raised my voice, and certainly did it.

Q. Did you raise your voice against this particular law at any time?

A. I don't remember.

Q. I take it that if you had raised your voice against a law of this importance, you would remember.

A. Maybe.

Q. Did you have any previous knowledge of this statute?

A. Not the least. I don't remember the details of this statute.

Q. You were not consulted in any way prior to its enactment?

A. Certainly not.

Q. Since for some time you had to administer the Reichsbank's responsibilities under this law, did your experience result in your concluding that it had any defects and, if so, what were the nature of these defects?

A. It had certainly no defects big enough to alter.

Recessed for lunch.

Q. I am going to ask you this afternoon regarding some statutes and regulations, and my primary interest in them is economic rather than raising the technical points of law. You were head

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of the Reichsbank on June 9, 1933?

A. Yes, sir.

Q. At that time the Reich Government decreed a law entitled "Law Governing Obligations to Pay Foreign Creditors."

A. Yes.

Q. That was a law in whose formulation you had participated?

A. Yes.

Q. Briefly, what circumstances resulted in the proposal and adoption of this statute?

A. The lack of devisen. We had no foreign means to pay.

Q. A quick reading of the statute would indicate that the statute was drawn in such a way as to give you, as head of the Reichsbank, very complete, almost dictatorial powers in the situation.

A. Only as far as the execution of the law was concerned.

Q. In respect to the execution of the law, it gave you very sweeping power.

A. I don't think it is sweeping power. What do you mean, sharp?

Q. I will read several phrases to illustrate: "Rates of exchange fixed by the Reichsbank shall be deemed rates computed as defined under this law. -- The Conversion Bank -- is under the supervision of the Reich Directorate. -- The Reichsbank Directorate appoints the responsible officials. -- The time for payments of such credits shall be determined by the Reichsbank. -- The Reich Minister of Economic Affairs may with the approval of the Reich Directorate permit exceptions to this law." In other words, that power was vested in you?

A. Yes.

Q. The bank which was created --

A. It was not a bank. It was simply bookkeeping and cash office.

Q. It was a corporation?

A. It was an institution of the Government.

Q. It was placed under the supervision of the Reichsbank?

A. I don't remember. I think it was a Government office, but that I don't remember.

Q. And the Reichsbank Directorate appointed the responsible officials?

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A. Yes.

Q. As head of the Reichsbank, you would have exercised that appointing power?

A. Certainly, if it says in the law.

Q. It also was in your power to determine when the claims of the creditors should be paid?

A. What does it say in the law?

Q. "The time for payments of such credits shall be determined by the Reichsbank."

A. Maybe, yes.

Q. The Reich~~xxxx~~ Minister of Economic Affairs, together with the Reichsbank Directorate, could grant exceptions to the law?

A. Yes.

Q. In view of that language, you would agree that you had very full powers under that law in respect to the foreign creditors?

A. Yes.

Q. Do you recall whether you signed that statute?

A. I don't think so. It was a law, wasn't it?

Q. Yes.

A. Then it must have been signed by the Chancellor and the Minister of Economics. Whether I signed it or not, I agreed with it.

Q. Under this law, exceptions were granted?

A. I do not think any exceptions have been made. I think that was just a facility which was in the statute in case events required such exception.

Q. There is a phrase here which I will ask you about. "The remaining legal affairs of the Conversion Bank are regulated by the by-laws issued by the Reich Minister of Economic Affairs with the approval of the Reichsbank Directorate." What remaining legal affairs of the Conversion Bank would there be that this covers?

A. I don't know, sir. I don't remember. Maybe the pensions of the officials, and gratuities -- the payment of the officials or something. I don't know what it is. Certainly minor affairs.

Q. In connection with this legislation, by-laws were adopted which raised some questions in my mind which I would like you to

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answer. I would like to have your answers provide a brief explanation of the operation of the institution. The by-laws provided for: "The Bank may issue notes /Schuldscheine/ for deposited sums, payable in Reichsmarks and not bearing interest. Provision for the redemption of these notes shall be laid down by the Reichsbank Directorate."

A. That term does not mean notes. It means bonds.

Q. Then this further provides: "the Conversion Bank may issue interest-bearing scrip in the nominal amount of the obligation or its equivalent -- ."

A. It is all provided. How far it was executed, I don't recall.

Q. I will ask you for a brief description of the operations of this bank.

A. We could not pay any more the foreign creditor, but we did not want the German debtor to become released of his debt because it was only the problem of transfer involved, so the debtor had to pay to the conversion office and thereby was released of his debt, but the conversion office held that money on account of the creditor, and the intention was to pay the creditor as far and as soon as transfer would be made possible.

Q. It provides here: "It can accept payments from foreigners which eminate from blocked or registered accounts, and credit them to account." Can you explain that operation? This conversion bank served at times to transfer funds from Reichsmarks accounts of the foreigner to the foreigner in his own currency?

A. Yes. You see it provides for all possibilities. If you make a statute, you have to include everything.

Q. This statute appears to put the foreign creditor completely at the mercy of the Reichsbank.

A. Entirely. (Pause) Entirely, as far as transfer was concerned. With their money ineide Germany they could do what they liked. As to their German money there were several possibilities opened up to them to place that money.

Q. Do you wish to expand on that?

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A. I think that is sufficient. Everybody will understand.

Q. How long did this conversion bank function?

A. Up to now.

Q. "Starting with July 1, 1934, the Conversion Bank offered to the foreign creditors for the amount of investment proceeds paid into the accounts in the Conversion Bank long-term interest-bearing bonds, payable in Reichsmarks which were guaranteed by the German Reich is a series of laws. These bonds could be exchanged with the Golddiskontbank for a limited amount of free exchange at a very substantial discount from the par value of the bond." Wasn't the effect of that a substantial reduction in the payment of principal and interest to the foreign creditor?

A. I think so.

Q. You stated a little earlier in connection with this legislation that its sole purpose was to provide more devisen.

A. That was not the purpose -- to provide devisen -- but to state that we had no devisen. How can I get devisen by not paying? If I don't pay I can't get devisen.

Q. The purpose of this legislation was to make available for other purpdses such devisen as was in the control of the Reich?

A. Yes.

Q. Would you care to elaborate on the other purposes?

A. Yes, it would be interesting. The other purposes were to get devisen for the import of foodstuffs and raw materials in order to carry on German economic life and to feed the population.

Q. At this time, the Nazi Regime having been in power for some months, devisen was needed in connection with their requirements for the beginning of the rearmament program?

A. The rearmament was started a good time later only.

Q. Measuring time in days?

A. In months.

Q. Possibly the final production, but the initial stages?

A. I don't think so.

Q. This legislation provided a basis for conserving devisen for a number of purposes which included such requirements for

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rearmament as there might be?

A. I don't know whether that was the intention.

Q. As I recall, you have already stated in earlier testimony that the rearmament program of the Nazis started in 1933?

A. I cannot give the exact date.

Q. It clearly was the purpose of this legislation together with the purposes which you have already stated, to free devisen for the economic and political purposes of the Nazi Regime.

A. I did not say for political purposes.

Q. I am not quoting you. I am stating that it was for that purpose.

A. For an economic life, industrial life, and for feeding the people.

Q. And for political purposes of the Regime?

A. I don't know. And I certainly don't know how many devisen were needed or wanted for political purposes unknown to me.

Q. You wouldn't say that you were entirely ignorant of the political purposes of the Nazi Regime from the time they came into power until you left office? That would be an astounding statement.

A. Yes. I want to make the astounding statement that Hitler hid his political intentions from his collaborators, including the Ministers and other high officials.

Q. You designate yourself as a collaborationist?

A. Certainly. I was in office under his Regime.

Q. You are acquainted with the decree of September 4, 1934, entitled "Commodity Exchange Decree"?

A. Yes. That is the first of these laws here, or decrees. I initiated it.

Q. And I believe you signed it?

A. Certainly.

Q. Would you tell us the reason for its initiation?

A. Yes. We had not sufficient devisen to let everybody buy in foreign countries what he liked, because the few devisen which we earned had to be used for those things which were most necessary for the economic life of Germany, so we had to take control of these purchases. We could not any more allow people

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to buy where they wanted and use the devison therefor, but we had to buy in countries where at the same time in exchange we could sell our products in order to be able to pay for the goods we bought.

Q. This constituted a very broad extension of your powers?

A. Yes. This is what they have always called the barter agreements with foreign countries.

Q. In effect, in respect to most commodities, it made you a virtual czar.

A. Not quite, sir. The industries were organized in self-governing bodies which were called Überwachungsstellen, and the czarism was used only in close cooperation with the self-governing bodies.

Q. To use a hypothetical example -- to explain in part the mechanism and to have you interpret the statement which you just made, if for rearmament or other purposes the steel industry in Germany needed more raw material, they would state that need to you and you would, on the basis of your discretion, approve their requirements or tell them what they could have?

A. I cannot say here without having been in touch with my assistant officials in what way the decree functioned in any special case.

Q. And the officials you would want to consult were, by name?

A. I have already stated in my written statement that I do not remember who they were, but you can easily find out be asking in the Economic Ministry in Berlin.

Q. The men/that you had to consult on these major problems you do not recall?

A. The man at the head of the total organization of Überwachungsstellen was Mr. Brinkmann.

Q. He could answer a question of the character I just asked you?

A. Entirely.

Q. I will read you the first section of this decree: "Section 1. Authorization. The Reich Minister of Economic Affairs is authorized to supervise and regulate transactions in commodities, particularly to determine and adopt measures with respect to their

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content, distribution, storage, sale, use, and process." That language is very broad. It would appear to have given you power to channelize all raw materials and semi-finished goods so that the course of German economy was in your control under this statute. Do you agree?

A. Yes.

Q. How broadly was this term "storage" interpreted in the operations under this statute? In other words, under the terms of this statute, if you were to stockpile certain strategic commodities, this authorized that type of operation?

A. Certainly.

Q. And I take it that under this authorization you were responsible for the stockpiling of the strategic commodities?

A. In what way responsible? What do you mean by that?

Q. I mean by that that the statute authorized that type of action.

A. Yes.

Q. And that in carrying out your responsibilities, for which you had wide discretionary powers under this statute, these strategic commodities were in a number of instances stockpiled in substantial amounts?

A. I don't know whether they have been, but the possibility was given in the law.

Q. It wouldn't surprise you if proof were offered that it had been done?

A. I wouldn't care. Things I don't know, don't interest me. Couldn't we perhaps shorten the whole interrogation by asking me really what you want to know? You mean that I was responsible for the armament and so on? What is it you would like me to tell you?

Q. It may be by asking you specific questions --

A. Will you allow me to make a statement on armament?

Q. Go ahead.

A. It seems to me that the answers and statements which I have given at former interrogations do not circulate among the various interrogators. It would help greatly if this could be done,

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because there are so many interrogators, and always new and changing, that it takes very much time to answer always the same questions. I have in former statements very frankly admitted that I was entirely in favor of rearmament. I have given the reasons for my opinion and I have stated how far with these rearmaments I wanted to go. I have stated further that when rearmaments exceeded the amount which I had intended and when I felt that this rearmament might lead to war, I have refused all further cooperation. I have even endeavored very hard to stop further armaments because I was decidedly against war. And when I felt that Hitler wanted to go to war or might aim at war I turned 180 percent against him. Already in 1938 I participated in the first attempt to do away with Hitler. I take the full responsibility for my cooperation in the rearmament up to 1938, but not the least for the following time.

Q. The Munich incident was in September 1938, at which time, if historians are to be believed, on the basis of Germany's re-armament up to that time Adolf Hitler threatened the western powers with war. You did not resign prior or immediately after Munich -- you continued in the Hitler Government.

A. An official under the Hitler Regime could not resign without his approval. I had to manage it so as to be released by him, which I did and succeeded in my dismissal 21 January 1939.

Q. Let us continue. Prior to your self-serving statement in respect to rearmament, you indicated that you did not know, and inferred that you did not have the means of knowing, anything about any stockpiling of strategic materials under the provisions of the commodity exchange decree of September 1934. That decree gave you explicit power to get practically any information that you might want from anybody and everybody operating in the economy of the Reich, so that you had the basis for complete information about the most trivial transactions as well as those of a major character, which are the kind that you are being asked about. In drawing this statute you gave yourself such wide powers, such comprehensive powers that I think we can agree that with those

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powers you must accept responsibility for everything that was done under the terms of that statute.

A. Certainly not. It gave me the power, for instance, to look after commodities stored secretly by industrialists in order to make profits out of it. If it gave me the power to control that, I do not want to be made responsible if I had not discovered such stored commodities.

Q. To indicate this far-reaching power that you provided for yourself in this statute, I will read just a few portions of it: "The Reich Minister of Economic Affairs -- may make determinations and adopt measures for the recording of business transactions, particularly accounting procedures. The Reich Minister of Economic Affairs shall appoint a Reich Commissioner for the Reich Control Office and may designate one or more deputies for the Reich Commissioner. The Reich Commissioner shall direct the Reich Control Office, subject to instructions by the Reich Minister of Economic Affairs. The Reich Commissioner shall issue the rules of procedure for the Reich Control Office -- the rules of procedure require approval of the Reich Minister of Economic Affairs. The members of the Advisory Board shall be appointed by the Reich Minister of Economic Affairs. The Reich Minister of Economic Affairs shall determine the manner of collection [of funds] and the group of persons and enterprises required to make contributions. Imprisonment and fines to an unlimited amount may be imposed." Are you in agreement that those are very broad powers?

A. Yes, sir.

Q. To revert a moment to our brief mention of Munich, and your situation with respect to Munich, you testified at another time that you accepted full responsibility for all of your acts, and that your decisions were your own and that you were not bound by others.

A. Except by Hitler where the general political situation of the Reich was concerned.

Q. So that your failure to leave your post prior to Munich, at

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which time Hitler threatened war on the basis of the armaments he then had available, your failure to do that was something for which you accept full responsibility?

A. It was not a failure. I could only not do it immediately without great personal risk, and I told you that I had to manage it so as to induce Hitler to dismiss me, in which I succeeded between Munich and the following 21st of January.

Q. In connection with the creation of the Devisenstellen, a high official of the Reichsbank has testified that by creating the Devisenstellen a development was started which became "more and more an instrument of economic policy and became later on a means of controlling the whole economic life and activity of Germany." He further testified that from the time of the "New Plan" of which you are the author "the devisen control system became more and more an instrument of economic politics."

A. I fully agree with those two statements.

Q. I take it that you would also agree with this statement which came from another source: That the purpose of this has been described as "to regulate demand and consumption and steer the scanty supply of raw materials into fields and in directions where it could do the most good, both from the political as well as the economic point of view."

A. I do not agree with the word "political." I don't know what that source includes.

Q. I think that might be paraphrased "would do the most good both from the standpoint of the political objectives of the Hitler Regime and its economic point of view."

A. From that statement I take it that the economic point of view and intentions of Hitler Regime coincide, wherewith I agree.

Q. Still another source, after a thorough-going study of the "New Plan" characterized the primary objective of it to be "devoting a maximum proportion of Germany's productive resources to re-armament and preparation for war."

A. I disagree entirely with that statement as far as war is included. It has certainly helped rearmament.

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Q. You must agree that rearmament is preparation for war.

A. I disagree entirely with that statement. It means defense in case of attack.

Q. You would agree with the statement then if it were changed to read: "Devoting a maximum proportion of Germany's resources to rearmament and preparation for a defensive war."

A. That might go.

Q. In connection with this "New Plan" of which you were the author, in addition to the law controlling commodities which we discussed briefly, another important part of the "New Plan" as it was enacted into legislation would be this law establishing this German clearing bank. Is that correct?

A. Yes.

Q. This again is legislation which you initiated?

A. Entirely. Because it was the necessary consequence of the decree of the 4th of September, because we had to establish an international banking account where the balances, because cash payment would not take place, had to be debited and credited.

Q. The question that I am about to ask you may require a technical answer. The type of transaction in which this bank subsequently engaged had been carried on briefly to some extent by the Reichsbank, had it not?

A. That sort of business did not exist before that decree came out.

Q. My question arises from this section, which I will read to you: "Any rights belonging to the Reichsbank and obligations devolving upon it under clearing agreements which have been contracted by the German Government with foreign governments or by the Reichsbank with foreign central banks of issue, revert to the clearing bank. The clearing bank shall take over the management of accounts which is incumbent upon the Reichsbank."

A. It may be that some transactions have been made before, I don't know. The difference of time between the two decrees is only five weeks.

Q. Like the commodity control statute, this statute gave you as Reich Minister of Economic Affairs, complete control over the operations under the statute?

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A. It was a bookkeeping and accounting office, nothing else. I don't know what power would be connected therewith.

Q. The powers, of course, are set forth in the statute which was given you by the interrogator at the previous session, and under the terms of that statute a board of directors was provided to control it, and you in turn as Reich Minister of Economic Affairs appointed that board of directors.

A. Yes. Which means that I appointed the accountants.

Q. There was no staff? There ~~was~~ only the directors?

A. I assume that they had a staff.

Q. The statute provides that the Reich Minister of Economic Affairs can allow exceptions. Were there any instances where these exceptions were allowed?

A. I do not remember any one, and I do not think that there were any.

Q. Perhaps you could tell us the extent to which you participated in the formulation of the clearing agreements which were subsequently administered under this statute?

A. The Minister of Economics took part in all the clearing agreements as long as I was in power. After that time, I do not know.

Q. Who were the others who generally participated during the time you were in power?

A. My assistant officials. You want names?

Q. No, not at this time. Were you and your assistant officials the only ones participating?

A. Oh, no. The foreign office also participated. And sometimes the Minister of Agriculture.

Q. Would it be correct to state that there were no clearing agreements effected during the time that you were in power which did not have your approval?

A. That is correct.

Q. In the self-serving statement which you made this afternoon, and in earlier statements, in respect to rearmament, you were careful to make the point that at a given time in the long process of rearmament you shifted your position and ceased to support further rearmament, and in January 1939 ceased to hold any

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official Government position carried that of Minister without portfolio. The legislation which we have been discussing which provided the legal foundation for the "New Plan" provided a sufficiently well-rounded and comprehensive basis of control of the economic life of Germany for political purposes so that in carrying rearmament forward after you left the Government it was not necessary to make any radical changes for some time. Is that not true?

A. I first would like to reject the word "careful statement" which you used. I make ~~two~~ true statements, and I am not aiming to be more careful than is necessary. As to your question, I think that every institution which exists in the world, and so every law, is open to abuse.

Q. If there is any difference between the operation of these laws during your period of office, and that of your successor, it would appear from the record to have been a difference of degree rather than kind.

A. I do not know what my successor has done, and whether he abused the law or not, and whether he abused it in degree or in kind.

Q. You are familiar, are you not, with the general trend of economic legislation subsequent to your departure from public office?

A. Not more than an ordinary newspaper reader.

Q. It has been testified that even as late as the period during which you were in custody of the Reich you requested economic information from the Reichsbank or its directors, and that an effort was made to send you such information. If this is true, it would indicate a continuing interest far beyond that which one might infer from your last statement.

A. The statement is correct, but incomplete. I have asked once with the permission of my custodian to send me the printed annual Reichsbank reports for the years while I was President of the Reichsbank, because I filled my time in the prison with studies about the time of my former activity. The annual reports have reached me.

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Q. You raise, in your testimony, the question as to how far advanced German rearmament was at the time you left the Reichsbank in the latter part of January 1939. Rearmament is a relatively slow process because of the time required to assemble raw material and to transform it into the complex modern instruments of warfare, and yet it was only a few months after you ceased official participation in the rearmament program that the Reich felt itself sufficiently prepared to engage in the second World War. What comment do you wish to make in respect to that relationship?

A. Here is a misunderstanding as to the dates. All payments from the Reichsbank ceased in March 1938, a thing which I have stated in former interrogations several times already. As to the length of time for manufacturing war goods, I have no technical knowledge whatever.

The interrogation terminated at 3:40 p.m.

I state that the answers given by me on this statement consisting of 82 to 103 pages each initialed by me are true and correct.

H. Hjalmar Schacht

That part of the foreign interrogation relating to devises and commodity control legislation was based on Volumes 1 and 2 of Clifford J. Hynning's study entitled "Germany - Preliminary Report on Selected Financial Laws, Decrees and Regulations, May 1944." Some of the statutes were as revised or amended.

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